



5th Session, 37th Parliament

REPORT OF PROCEEDINGS
(HANSARD)

SELECT STANDING COMMITTEE ON
CROWN CORPORATIONS

Victoria

Thursday, September 9, 2004

Issue No. 29

KEN STEWART, MLA, CHAIR

ISSN 1499-4186

Published under the authority of the Speaker

Hansard Services publishes transcripts both in print and on the Internet.
Chamber debates are broadcast on television and webcast on the Internet.

www.leg.bc.ca/cmt

**SELECT STANDING COMMITTEE ON
CROWN CORPORATIONS**

Victoria
Thursday, September 9, 2004

- Chair:* * Ken Stewart (Maple Ridge-Pitt Meadows L)
- Deputy Chair:* * Harry Bloy (Burquitlam L)
- Members:*
- * Daniel Jarvis (North Vancouver-Seymour L)
 - * Harold Long (Powell River-Sunshine Coast L)
 - * Dennis MacKay (Bulkley Valley-Stikine L)
 - * Karn Manhas (Port Coquitlam-Burke Mountain L)
 - * Ted Nebbeling (West Vancouver-Garibaldi L)
 - Barry Penner (Chilliwack-Kent L)
 - Rod Visser (North Island L)
 - * John Wilson (Cariboo North L)
 - Patrick Wong (Vancouver-Kensington L)
 - * Joy MacPhail (Vancouver-Hastings NDP)
 - Paul Nettleton (Prince George-Omineca Ind L)
- * denotes member present*
- Clerk:* Craig James
- Committee Staff:* Jonathan Fershau (Committee Researcher)
-

Witnesses:

Morlene Tomlinson (Land and Water British Columbia Inc.)
Bill Valentine (President and CEO, Land and Water British Columbia Inc.)
Jim Yardley (Land and Water British Columbia Inc.)

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MINUTES

SELECT STANDING COMMITTEE ON CROWN CORPORATIONS



Thursday, September 9, 2004
10 a.m.
Douglas Fir Committee Room
Parliament Buildings, Victoria

Present: Ken Stewart, MLA, (Chair); Harry Bloy, MLA (Deputy Chair); Daniel Jarvis, MLA; Harold Long, MLA; Joy MacPhail, MLA; Karn Manhas, MLA; Dennis MacKay, MLA; Ted Nebbeling, MLA; Dr. John Wilson, MLA

Unavoidably Absent: Paul Nettleton, MLA; Patrick Wong, MLA; Rod Visser, MLA; Barry Penner, MLA.

1. Pursuant to its terms of reference the Committee reviewed Land and Water British Columbia Inc.
Witnesses
 - o Bill Valentine, President and Chief Executive Officer
 - o Jim Yardley, Vice-President, Land and Water Operations
 - o Morlene Tomlinson, Executive Director
2. The Committee met in camera to consider its review of Land and Water British Columbia Inc.
3. The Committee met in public session.
4. The Committee adjourned at 12:17 p.m. to the call of the Chair.

Ken Stewart, MLA
Chair

Craig James
Clerk Assistant and
Clerk of Committees

THURSDAY, SEPTEMBER 9, 2004

The committee met at 10:06 a.m.

[K. Stewart in the chair.]

K. Stewart (Chair): Okay, we're going to call this meeting to order. This morning what we have on our agenda before us is a review of Land and Water British Columbia Inc. This is the first opportunity we've had to meet with your group. It appears that we have a quorum in our midst.

What we usually do is start off with introductions. Before that, I will just give you a little bit of a rundown of the format that will be taking place today. You have approximately an hour to present the information that you've prepared for the presentation. That should give us an introduction into what you do and why you do it and how you assess the outcomes of what you do. Then, after that period of time, there will be up to an hour of questions. We usually just go around in an orderly fashion, one member at a time, with whoever has questions until the hour is up.

At the end of that hour there's an opportunity, if the members have questions they haven't had an opportunity to ask, to leave them with you at the end of the meeting. You can respond through Jonathan, who will be introducing himself shortly, through e-mail — a response to that.

Also, you'll see at the back of the room a red on-air record light. Everything that goes on today, other than that which is in camera, is recorded by Hansard and should be available within a couple of days on the website, so that you can go there and go over the information. Again, if going over *Hansard*, you see an area that you feel you would like to add a little more information to as far as a fuller answer, you have a couple of weeks after this meeting to do that — again through the Clerk.

I'll start off today with introductions. My name is Ken Stewart. I am the Chair. I'm from Maple Ridge–Pitt Meadows. Next to me is Craig James, who I'm sure you're familiar with — one of the Clerks.

Jonathan, if you'd like to continue, introduce yourself, and we'll just go around.

J. Fershau: Jonathan Fershau, committee research analyst.

J. MacPhail: Joy MacPhail, Vancouver-Hastings.

D. MacKay: Dennis MacKay, Bulkley Valley-Stikine.

T. Nebbeling: Ted Nebbeling, West Vancouver-Garibaldi.

J. Yardley: Jim Yardley, vice-president of LWBC responsible for the land and water operations division.

B. Valentine: Bill Valentine, chief executive officer and president, Land and Water B.C.

M. Tomlinson: Morlene Tomlinson, executive director, corporate services, LWBC.

K. Manhas: Karn Manhas, Port Coquitlam–Burke Mountain.

H. Long: Harold Long, Powell River–Sunshine Coast.

H. Bloy (Deputy Chair): Harry Bloy, Burquitlam.

K. Stewart (Chair): At this time, Bill, we'll turn it over. We use first names here as long as.... We've been doing that for a while, so if you're comfortable with that, we'll continue with that process.

Bill, you can take over and lead your group through your presentation.

Review of Land and Water British Columbia Inc.

B. Valentine: Thank you, Mr. Chair. We'll start by noting just a couple of things. We're missing a couple of key people here today, and we have some unavoidable conflicts. Mike Carter, who has just joined Land and Water B.C., is responsible for strategic initiatives. In addition to that, another vice-president, responsible for change management within Land and Water B.C., is Mr. Glen Thompson. I just want to make you aware of the executive team of Land and Water B.C.

What I thought I would do is just start with an overview which reflects, if you will, observation about the significance of the mandate and the direction that Land and Water B.C. has received from our government. There are some terribly compelling, I think, things that really drive Land and Water B.C. and that are important when you think about the role the corporation has. I just want to talk about several dynamics; then I'm actually going to go into the report. I think these are important because they provide a framework for the presentation that you're going to see this morning.

[1010]

If we had to think about the things that really are important, which the corporation needs to think about, one would be that British Columbia as a provincial jurisdiction has an unprecedented level of public ownership of lands. There is no other province that's comparable. You'll see the material, and we'll reference that as we go through the presentation.

The fact is that outside of the lower mainland, the east coast of Vancouver Island and perhaps a large contiguous chunk of property in the northeast, virtually all of what you're doing in the form of land wealth creation in British Columbia really resides on lands that are under public ownership. You'll see the figures. It's considerable: Ontario, 88; Alberta, 78. I'll go through that material. The point I want to make is.... When you think about that and the fact that unlike any of the other provincial jurisdictions — and specifically, I'll take a look at Ontario.... There have been some very good reports that have been produced in the last two

or three years. One of the other amazing characteristics about B.C. is how important wealth creation continues to be in the province from rural-based lands.

Unlike Ontario, if you were to take a look at the division of how wealth is created, much of which is localized in the greater Toronto area.... If you were to take a look at wealth creation and the diversification and the wealth that's necessary in the long term, B.C. as a province is still really very dependent upon wealth streams that are created upon rural-based lands — non-urban. Wed that with the fact that many of those lands at the same time are also tied up in public ownership, and you conclude very quickly that government's policies and directions to the corporation are important levers that it has as far as public policy in providing direction as far as maintaining a sustainable economy.

The other comment I would like to make here, too, is a shift that I think all members are aware of, and that is that there is a higher level of accountability regarding the decisions we make. Transparency is absolutely essential. You'll see it's a key value for the corporation in our service plan. Every decision we make is subject to any member of the public asking for a justification. The expectations associated with the way we conduct ourselves, as far as the kind of decisions we make, are higher as far as the weighting and adjudication that the corporation is expected to make. The reason for that is a sense of public stewardship, the realization that the value of those lands has gone up almost exponentially in the last decade or two.

I want to make those comments because I think they frame the importance the corporation plays for government as far as economic and social well-being and to clearly portray the importance, and continuing importance, that public land plays in the long-term economy of British Columbia and how it's going to be managed.

The presentation today basically.... I'm a terrible reader, so I don't like reading material; I'd rather engage. I'm going to try to make this as short as I can. I'd also like to respect the fact that the material has been precirculated — and members, I suspect, have had an opportunity to take a look at it. If that works for you, I'm going to move through this as quickly as I can and try to preserve as much opportunity as I can for there to be some exchange and to respond to your questions.

We're going to look at the mandate. We'll talk a bit about the performance of the immediately preceding year, 2003-04. I want to focus on some key elements of the service plan. I want to talk about our changing business model, because we do feel the need to in fact make sure that the corporation continues to function in a contemporary manner; talk about the external context within which LWBC works and then also talk about some of our immediate plans and priorities. I should also note that the chief executive officer, the deputy minister responsible for the Crown agencies secretariat, is here: Dana Hayden. We work very closely with that office. They are very involved and provide considerable guidance to the corporation, particularly in the ongoing discussions we have with Treasury Board in government.

[1015]

The mandate of the corporation basically recognizes, as I pointed out earlier, the importance of making sure that we have access to public lands. It's necessary for the economic diversification of B.C. We're going to present some trend data which will show you what's happening with the tenures. That's really good evidence about the kind of diversification that's taking place. We are moving very much on our land base from a land base that was largely dominated by forest-related activities to where now there are numerous other activities that can be conducted: agricultural activities, activities associated with commercial recreation, activities associated with independent power.

We think that the corporation plays a key role as a catalyst working with local governments and, certainly with the obligations that we have with first nations, to try to facilitate the economic diversification because in many instances we're working with communities where in fact there are new needs. One of the significant leverages we have is that in fact opportunities on Crown land in B.C., frankly, excel our capacity to deal with the number of applications that we receive. It is a very attractive and increasingly attractive public land base from which people can derive commercial activity.

We're trying to develop a less reactive, more proactive response, which means engaging with key sectors, local governments and first nations. We're taking a look at key sectors and the role of the corporation regarding its obligations to engage. We have got to do — and we recognize fully the need for — improved coordination and consultation. One of the key things for government now is not moving from a top-down approach, as far as dealing with access. In fact, we feel that one of the key strategies we've got to work with — particularly with local governments, key sectors and first nations — is based on trying to find cooperation and trying to find opportunities to mutually create value.

Decision times are an issue. We have spent some considerable time and work. We'll talk to you about some of the streamlined business practices that we've put in place. On the issues associated with partnership, again I've noted the importance of local government, first nations and key sectors. Then there is the ongoing issue associated with such a large public land base and public safety.

The vision for the corporation is to facilitate economic development, job creation and revenue generation by aggressively pursuing and encouraging investment and optimal use of Crown land and water resources. It is important, Mr. Chair, for the committee to understand that up until last year we were dealing exclusively with land. Last year we brought the water component in. We'll talk a bit about why we did that and some of the successes we've had with the corporation.

The mission is to provide highly responsive access to Crown land and water resources with tenures, licences and land sales. As I noted, the values of the corporation are accountability, innovation, efficiency, high-quality service and certainly integrity.

The corporation is incorporated under the Business Corporations Act, which was done in 1998. It was re-

named LWBC in 2002. Our shareholder is the minister responsible for sustainable resource management, Mr. Abbott. We're governed by a delegation agreement, which is currently under revision to ensure that it's contemporary. That delegation arrangement is with the Ministry of Sustainable Resource Management.

We are composed of a board of six deputy ministers and the executive vice-president of B.C. Buildings Corporation and myself. Under strategic context, Mr. Chair, this chart makes reference to the point that I discussed in my opening comments. You can see that it shows you the importance of public ownership in British Columbia. If you compare ourselves.... In fact, it's 63 percent in Alberta; Saskatchewan is considerably lower. Even with Alberta.... Again, the point we want to make here is that the high level of provincial ownership of land is key to the public policies and approach we take as to how we attract investment.

This is a representation of how some of our clients frequently see government — that is, working through a maze. It's a complex jurisdiction. One of the things that we're attempting to do is certainly to increase the accountability of our decisions, yet at the same time trying to work with our client groups to get better decisions but to decrease the confusion and increase the process efficiency. So we use this as kind of a representation. This actually came from some work from our clients when they were talking to us symbolically about how they see engaging with government or, more specifically, with LWBC.

The comment at the bottom of that is really an important one. The current target is to process land tenure and water licence applications within 140 days. You should note in our last service plan that, in fact, 97 percent of the applications were processed within that. We'll give you some comparative information so that you understand why that's important.

[1020]

There are ongoing challenges for the corporation. One, we have a large number of managers on the land base in British Columbia. We have a real estate market that we work within, so the issues of demands are ones that we have to work with and think a lot about. That's the uptake of the market.

The availability of suitable fee simple land is a key issue. We have many settlement communities now where, for example, the availability of industrial land is a key issue for them. The economic health of the local sector and the economy — working with local governments, for example, creating lands.... We work, for example, with the community of Terrace, and I hope we're soon to come to conclusion on a particular issue where we'll work with local government to try to assemble land so that they have something of a long-term future whereby the province can work with local government and put together an attractive land base and one that in fact, I think, is more contiguous and brings some benefits associated with that.

A significant challenge for us — we'll talk a bit more about this, and the members may have some questions about this — is the ongoing obligation and

response that the Crown has to first nations issues. Key again is the issue of working with local governments. Internally, one of the things that we've had to come to grips with is that the information system that exists within LWBC in fact is not contemporary. It's not responsive enough, it's not client-friendly enough, and it doesn't give us the trend data necessary to in fact do the kind of effective job that we need to do, particularly with the new interest that exists within the land base.

This is a visual representation. This is to show a shift in our service plan. If you were to go back to 2001-02 or 2002-03, we wanted to conceptually just demonstrate what we think is an important shift. That's not to deny the importance of the current emphasis. There has been huge emphasis on service levels, the issue that the Crown and the corporation has as far as the provision of revenue and the collection of rent for the use of public lands, and a long-outstanding issue associated with backlog applications — both amendments for water and land and applications that in fact were not amendments but just clients that had come through the door and hadn't had their needs....

One of the things we've come to realize for the province is this new area of focus. The key thing about land sometimes is not the rent that's collected or the revenue that's derived from the initial transaction, particularly for rural B.C. The key thing associated with land is how you use that, particularly in a province where there's such a high level of public ownership, to leverage long-term wealth creation within B.C. This is an area where we need to expand our capacity, and it's one that is a change within the corporation. It's going to take some time, because it means that the corporation now needs to engage in new initiatives with local governments, first nations and key sectors, and to start working with those groups to think about what the long-term opportunities are to use this public asset to in fact provide sustainable economic development for B.C.

This is another representation — in a very elemental form, if you'll forgive this — of what's needed to induce investment. Outside investment is key to the economy of British Columbia. The other issue is not only attracting it but making sure that when investors come to the province, they can talk consistently, if you will, with an agency and get a kind of consistent response so that in fact they know who they're doing business with. The diffusion of accountability at times, particularly with the large number of managers that exists on the land base, has certainly been a challenge for investors both within B.C. and outside B.C.

The investment strategy is basically to leverage land for economic development. The B.C. success story here is the commercial alpine ski policy. This is a really good example of where numerous governments in British Columbia have taken land and brought it forward and realized that the value of land was not simply assembling and selling it. The value of land was in fact working with investors, providing guarantees about how land could be taken up but for some very clear exchanges for long-term investment. The example

there is Whistler. Sun Peaks is another really good example.

I'm going to use those two resorts. If we simply looked at the bare-land value of the lands and said that was what would count in the creation of wealth, we completely hide what in fact has been derived from using public assets to increase significant wealth. The key issue, of course, associated with Whistler is that that one success story represents 10 percent of the tourism revenues of British Columbia and has added substantially to the economy of B.C.

We want to take that same kind of approach and see if there are opportunities with other sectors, with local governments, to see what we could do with land to leverage investment in a more cooperative way. Again, the key recognition there is that most of the land we're talking about is under public ownership.

[1025]

The second stage that we really need to focus on is the ongoing issues associated with client frustration. That can be a client who is coming in the door and wants a very simple three-day licence of occupation, maybe to move a house, or a long-term client that has a significant resort, somebody that needs a water licence and a land licence.

We went outside the corporation last year and did an independent review of our client service. You'll see that it's referenced in our service plan. We talked with our clients in two ways. We did a web-based survey with most of the tenure and sales clients to get a sense of what it is they felt the corporation was doing as far as its performance, and then we also did a very specific interview. This was not conducted by LWBC. Again, we brought in an impartial party to meet with our key clients to talk about how the corporation was performing. One of the things that came back to us — and I'll make reference to the maze here again — is that there is still continued frustration in trying to come to grips with the number of organizations and approvals that are necessary in British Columbia to get things done.

So we've made a decision that in fact we need to pay attention and more attention to areas. These are areas where the corporation can exert considerable influence and work with clients, because we are expected to make decisions for them in trying to come to grips with their needs. As you will see in the service plan, we're talking very specifically now about our work with key sectors.

The other thing that we wanted to take a look at was our business model. The business model that we had in the past, before it was reviewed this last year with Treasury Board, was quite a convoluted business model. It reflected the fact that the corporation basically came together in chunks. The first chunk was tenures, then sales were added, and then water was added. We went back to Treasury Board and said that what we needed was a simpler way.

What's important to understand about the corporation is that in fact we don't receive a voted appropriation from the Legislative Assembly. What we have is a fee retention schedule which is negotiated with Treas-

ury Board. That fee retention schedule basically allows us, then, to direct revenue, which is collected on behalf of the Crown, to our budget. Our operational budget, as you'll see here, is something around \$31.5 million.

What's important is that we went back to Treasury Board and said: "We want to increasingly take a look at a business model which gives the corporation the flexibility to work with other partners to make investments in new sectors." That's something that we're currently working through, both with the Crown agencies secretariat as far as performance requirements and what that revenue regime would actually look like — what that budget regime would actually look like. We've got further work to do here with Treasury Board.

The needs that were identified in the client service were to improve land security in a province where a lot of the land ownership is tied up in tenures and it's not fee simple ownership. That can be a challenge, particularly for outside investors.

A proactive approach to realize land-based investment opportunities. There is a sense that when clients come to the door through a number of different agencies, what they're getting is, in many instances, pleasant responses, but that at the same time it's difficult to go to a particular agency and find an agency prepared to work with solutions for particular problems to get an investment realized.

Increased sector and project advocacy with improved coordination and consistency was a major theme in reduced decision time and the process for.... Yet again, the issue of streamlining.

Mr. Chair, I'll highlight the performance of the previous year. You can see from this chart.... The bottom shows tenure management, and you'll see that the tenure-derived revenue has moved in three years from \$38 million to \$51 million. A lot of that is due to oil and gas activity, but in fact expanded activity in virtually all other tenure areas. Then the top part of the bar graph represents the gross land sales. You'll see that there has been, over the three years, a fairly considerable increase. I want to note that in that \$73 million sale, \$36.3 million of that was one sale. That skews it quite significantly. That was a sale associated with Burke Mountain.

Under business trends, again you'll see we've graphed from the beginning of the corporation. Here's gross land sales revenues. You'll see that in the first year of the corporation, it was at \$50 million. It has dipped down to, in '01-02, as low as half of that — \$25 million — and in '03-04 it went back up to \$75 million.

The next is key business trends, and I'll just spend a moment on this. I'll move from the bottom of the chart. You've got water licence amendments issued in the blue. You'll see that it is virtually flat. That's the major area of challenge currently in front of the corporation. We've dealt with the backlogged applications. The water amendments, though, are much more challenging. Most of those are taking considerably more time to work through.

[1030]

If you move up to the next one, which is new water licence issues, you'll see that that has remained fairly

flat over time — in the range of somewhere between 400 and 450 tenures being issued. Replacement tenures issued. Then you'll see this is the yellow triangle. This includes land and oil and gas tenures. You'll see that there has been a very significant increase there. Part of that is due to increased activity in the oil and gas industry. A major component of that is that there was a considerable backlog of tenures that needed to be addressed. Replacements were quite outstanding.

Then you'll see new oil and gas tenure activity highlighted in the red box and then, finally, new land tenures. You'll see that that's the blue diamond. In fact, that's reasonably flat over a period of time. Some additional information about this — key business trends. You'll see here that there are the total revenues for the corporation, and then the orange represents total expenditures.

You'll see, again, that last year reflects a couple of things. The \$136 million reflects the success we had in land sales again being skewed by one sale. One of the big differences between '01-02 and '02-03 is that it also includes water revenues. The other change that you'll note there is a significant lift in the budget from \$22.3 million to \$30.1 million. What happened there was the transfer of the water budget from the Ministry of Sustainable Resource Management over to Land and Water B.C. That represented a transfer of almost \$8 million, so it was no real increase in budget. It was bringing a program over.

Key data, again from the last five years. This is financial data reported in millions. Again you'll see total revenues — \$51 million up from \$30.7 million, the base that we use here. Land sale revenue. Again you can see \$73.3 million, and we'd been working on something that's been in the range of about \$30 million to \$35 million before that.

The dividend to the Crown was very good last year. Our projected dividend, I think, was in the range of about \$78 million. But the Crown was able to realize the additional dividend by virtue of the dividends that came in from sale, so in fact it was at \$93 million. The net revenue to the corporation based on the revenue model, the sharing model that we have with Treasury Board, was \$38 million, but our operational budget was \$31.5 million. You'll see in some other material that we were able to carry \$6 million over to retained earnings.

This is the operating data again. Mr. Chair, I don't intend to spend a lot of time. This is actually the same information that was presented to you moments ago on the charts.

What I do think is important here, though, is to take a look at the bottom. What you'll see if you go to a base — which is 1999-2000 or even 2000-01 — and you move up to where we are currently is that we've more than doubled the tenure activity in British Columbia. I'm going to ask Jim to talk a bit more about this later.

What's important about that is that I think it is easy to conclude, if you do not know, that the number of tenures that we're denying is in fact at an all-time high too. When we were dealing with the outstanding backlog tenures, approximately half of those tenures were

not approved because either they were bad ideas or they were conflicts. What's actually happening in the corporation is that we're dealing with a larger volume. Frankly, it's a much bigger public commercial interest in the lands. We're adjudicating many more tenures. If you didn't understand that there's a large number of tenures that don't receive, if you will, favourable consideration, it hides the fact that not only is the corporation expected to be more efficient — it's dealing with a larger volume — but the total business of the corporation has increased quite substantially.

For an area, for example, such as the Kootenays, less than 50 percent of the commercial recreational tenures are approved there by virtue of a complex that exists, either with existing opportunities — they may exist because there is a first nations concern — or they may not be there because there's a habitat concern. One of the things that I think is important to understand about this chart is that the net business of the corporation should not just be measured with the number of tenures that are issued. In fact, there are a lot of businesses not seen here because we're expected to make decisions that at the end of the day are going to be accountable.

[1035]

The point I'd like to make there, of course, is that any of the decisions we've made are subject to a review — either a judicial review, which we've undergone with first nations or in fact, as happens from time to time, a review with the ombudsman's office. They regularly will, for example, send us reports on reviews that have been conducted on behalf of clients.

This, again, is just an overview. I'll be very brief here. It talks about land sales and what we did with our sales target. You'll see that the major reason we exceeded our revenue target and had a very good year as far as dividend to government was because we were approximately \$20 million over sales. We were basically in the range of about \$12 million to \$13 million over what was projected in tenure activity.

Again, we're trying to get a handle on the second point — a bullet points to this — on what the economic impacts are. We're doing a lot of work here. We've done some outside. What it really shows you is that when you're measuring LWBC activity — and we need to do more work with the Crown agencies secretariat and Treasury Board about this — it is incomplete just to talk about revenue. The other part of the story that's really important is to talk about what the net investment is to the province.

Again, the comment... Ninety-seven percent of new land tenures and water licence applications were processed in 140 days. We reduced the water licence backlog from 2,514 to 22 applications. That's a 99 percent reduction. I should tell you that some of those applications were 15 years old and that there had been two previous tries to reduce this. It was a very concerted effort on the part of the corporation. We were able to achieve what we thought was a key service plan goal last year.

The other item here is that a customer survey was conducted in 2003. You'll note that there was an 84

percent customer rating satisfaction. That's general satisfaction. I also want to note that we picked up out of that report that there are very specific areas where there's more work to be done. You'll note in our service plan that we will be going back and objectively and independently doing a survey of our clients again this year.

We also did an independent review and survey of our employees. They're key. We expect a lot as a corporation. Their engagement and agreement with where the government is going and where the service plan is going is essential to the corporation. This is another issue, another item, which we'll be going back to on a continuing basis.

Financials are represented here. Again, this is a review of '03-04. You'll see that for land tenure activity, we were 127 percent above target. Royalties were 111 percent. Sales were 140 percent. Fees and interest. Although relatively small, we were able to bank a bit of money there for a period of time. That's why you see such a significant increase there.

Water, non-power. This is the small power, independent power operations where we derive some revenue. You'll see 136 percent.

Water power. This is another revenue that's derived from the small power producers. The reason we were below there is that the initial projections, in fact, were accurate, and the \$1.5 million that we came up with was actually closer to what should have been projected.

The gross revenue to the corporation was at 131 percent, so we generated 31 percent; \$136 million over a projected \$103 million. Net revenue, which I've talked about, was in fact \$38 million, not \$31.6 million. It was higher than the \$35 million that I referenced earlier.

The other thing that we do — and it's not part of the financial affairs and reporting — is oversee the collection of the revenues, deal with dam safety and have a fairly considerable involvement with hydro revenues. These show what in fact the hydro revenues were to the Crowns. You can see that that's another significant revenue component that the corporation is not responsible for but is certainly involved with.

We also do agency sales. Those don't contribute to the revenue of the corporation. Most of these are sales that we conduct on behalf of the Ministry of Transportation.

Again, another very quick summary — review. Dividend to the Crown, you'll see, was initially projected at \$68.8 million. The actual dividend last year was at \$93 million, and we were 135 percent. You can see that the net income to the corporation was \$6.5 million.

I want to talk now about '04-05, the shifts that are occurring here: a greater emphasis on investment and economic development; continuing work with our clients and our customers to ensure that in fact what we're doing is on target, on task; continuing to come to grips with some of the frustrations and ensuring that the services are both accountable and responsible but in fact timely and effectively. Also, a lot of work inside

the corporation.... You'll see this in our fourth goal: continuing to work with our staff to make sure that we've got the right people, the right organization, to deliver on the service plan.

[1040]

The operational targets continue to be to deal with 90 percent of the applications under 140 days. We're going to set some baselines for new targets, reducing costs associated with revenue collection and tenure management. We're going to be moving from, if you will, a gross kind of a ruler that we use to something that's more specific. That's, I think, further evolution of the corporation.

Seventy percent satisfaction on issues with key accounts. We want to go back and deal with some of the issues that we identified. Establish baselines for reduced pricing disputes with key accounts and a 10 percent improvement on our customer satisfaction with land sales. That's one of the areas that we picked up in our client service review, which we need to do more work on. Ten percent improvement on customer satisfaction and 70 percent response rate with tenure and water licence holders. We are doing some considerable work on our information management IT systems basically to make sure that the corporation has the capacity to engage with our clients and other agencies, local governments and first nations. We've got to do more internally to develop key competencies. We've got considerable focus taking place basically on management development within, inside, LWBC.

Then follow-up on our employee engagement. We've put a lot of work in the organization in working with our staff. We are largely a regionally based staff. We have offices in Nanaimo, Vancouver, Surrey, Williams Lake, Prince George, Fort St. John, Penticton and Cranbrook. I personally go to each of those offices two to three times a year. We sit down with staff. We review the service plan. The executive is fully engaged. We think that's important. The reason that's important, when you consider the value that rural lands bring to the economy of British Columbia, is to ensure that there's a high degree of communication taking place between our clients and our representatives in their office, our regional staff and also headquarters. We found that that integration, in fact, has worked quite well for LWBC.

These are our financial targets. You'll see that we're looking at \$73.5 million. That basically is taking what we think is a projection of approximately \$230 million for land sales in the next three years and dividing it by three and coming out with \$73.5 million. The reason for that is there's considerable variability in land sales.

Again, I'd like to go back to the issue associated with Burke. One hit like that can skew, so what you need to do with land sales is take a look at a running average. What we had last year, for example, was one \$11 million sale that closed two or three days after our fiscal year closed, which in fact wasn't rolled into '03-04, although most of the work was conducted that year. It'll show up in '04-05. So a rolling average is a better

indicator of what the corporation is doing as far as its fiscal performance relative to sales than simply taking a look at a single year.

Our projected dividend to the Crown this year is approximately \$85 million. This is going to be a very daunting and challenging task for the corporation. We do not have a large number of significant sales that are in front of the corporation. Increasingly our sales really are dependent upon making sure that we have effective working relationships with clients — trying to anticipate their needs — local governments and first nations.

Again, as I noted in the change in emphasis, we're really starting to develop, at this stage, the capacity to take a look at what the corporation needs to do to leverage land to attract investment. Our focus will be more specific on allocating our resources internally on key sectors, accounts and projects. We need to get better, and we think we're building that capacity to take a look at emerging opportunities and expanding both the marketing presence and the capacity that LWBC has. We'll be working with the Ministry of Small Business and Economic Development to take a look at what they're doing with their marketing.

The accommodation framework, in fact, has been a significant new tool in working with first nations to take a look at developing economic opportunities. We want to continue to expand the capacity of that framework to see what could be done with first nations. And, of course, we play a very major role in the 2010 Olympic Games by virtue of the fact that virtually all the lands engaged are public lands.

[1045]

The new investment strategy will be a key issue for us. I've talked a bit about the key objectives. I want to just talk briefly about the business model. This chart, Mr. Chair, is to represent some of the shifts that are taking place. We've identified what we think are the key issues. I mentioned that we had a vice-president responsible, on a term appointment, for overseeing change transition. The reason for this is that you will see that we've made a representation here of what we call the as-is state of LWBC and what we think is the long-term to-be state and identified what we think are the key areas that we need to focus on internally to make sure we have the capacity to be effective. Those components are certainly governance, productivity strategies, taking a look at our investment strategy, continually reviewing where we're going with our customer service focus.

Risk management is a big issue for us because we do need to make assessments about where in fact we're going to invest both staff and money, taking a look continually at the appropriate culture that the corporation needs, improving our information business. Yet at the same time, we also provide a very valuable — if you will, non-recoverable, as it's referenced here — public interest strategy.

We work with innumerable local governments, for example, on behalf of government with free Crown grants. There is a lot of work going on there that is non-

revenue-generating, but it is vitally important to communities.

These are the key sectors that we're going to be focusing on: independent power — I'll give you a bit more information here; aquaculture. A key area for us right now in aquaculture is shellfish aquaculture, particularly as it would be with coastal communities, but also particularly because of the interest that first nations communities have in shellfish aquaculture. All-seasons resorts, community expansion settlement. We're continually engaging more often with communities that are taking a look at public lands and working with us cooperatively to figure out what they can do with those lands to make sure that in fact there are sustainable opportunities — economic development.

Agriculture continues to be a key area for the corporation. We've seen some considerable expansion in some areas, not only through the Cariboo, but if you take a look at the Nechako area west of Prince George, we're seeing that there are new opportunities. Part of this may represent a shift that we're seeing taking place in our climate, which brings new opportunities.

Aggregates is an area that the corporation is just beginning to take a look at. We've just dealt with a major new operator looking at the export of aggregate. This is a partnership between a proponent in investment and also a first nation. It looks like it's a significant new opportunity — not only revenue for the province, but will create some needed economic investment on the west coast of Vancouver Island and also offer a real opportunity for a first nations community to become involved in a new industry.

Telecom/utilities continues to be vitally important as far as our tenuring activity. Tourism, commercial recreation. We are the access point for government, in government, for people who want a land-based operation. Forest activities: clear — Ministry of Forests; oil and gas subsurface, you go to the commission or the Ministry of Energy and Mines. All other commercial activity, you go through Land and Water B.C., with the exception of the activity, certainly, within parks and wilderness activities associated with guide-outfitting. The point I want to make there is that this is a major area of interest and activity for the corporation.

Independent power. This is a representation. I want to tell you that it's constantly being updated because this is a very dynamic area. What we've tried to show you from the projects that we see on the horizon here.... I'm picking a couple of sectors just to give you an overview of what's shifting as far as the kinds of demands that we're seeing and why the corporation really has to be open and sensitive to where the new opportunities are as far as the diversification of the B.C. economy.

You can see here.... This is just taking a look at the revenue projections and returns to the Crown, and this is based on three wind power and 59 water power projects. These are projects that I think fundamentally have also got their energy agreements in place with B.C. Hydro. This is an area that is in fact picking up some considerable attention. Jim can correct me on this

later, but currently we have something in excess of 250 applications for run-of-the-river independent power on our books. We're prioritizing those and dealing with those right now that we think have the best opportunity to result in real investment in the near term.

This is an overview, again, based on some projections. The numbers here are in the millions. There are two categories: the revenues to LWBC that are projected from land sales and the revenues that are projected from annual rents. Then the last is a cumulative figure which shows you what our projections are when you bring those two together.

If I said anything about this — and again, we're trying to come to grips with better numbers.... If we've erred in our projections based on what we think is actually happening in B.C., because we actually are seeing an unprecedented level of interest and uptake in resort development, these numbers are probably conservative.

[1050]

We had a very major proposal come through the other day with a client that had already done most of the front-end work with the first nations, taken a look at the land use plan, identified what their access corridors were and wanted to engage with us about how public land could be brought into their process. We're getting more of those kinds of interest. On that resort development, we think that in fact this is a real opportunity.

I'll just add this. B.C. — we've looked, and there's some considerable material on this — has an unprecedented opportunity in all-seasons resort development, because we are actually, truly, one of the few places in the world that can work all four corners of the season to offer a full-year product. Many of the other resorts, particularly the European resorts, are having to go through conversions where they are now running into a serious problem of being unable to sustain their winter product. We are not in that position. Our long-term forecasts on our capacity to maintain a winter, spring, fall and summer four-seasons resort are actually quite good.

What's happened is that given increased stability and trying to provide comfort to investors about how they can access this land and engage with the corporation representing government, we're finding that there's a higher level of investment interest in comfort, so we're starting to see pickup in the industry here. These are to show you what the kind of projections are. You can see here that the total projected revenues at buildout for LWBC with the stuff that we currently have, which is listed — the initiatives — as major resorts and expansions and so forth, are in the range of almost \$50 million.

The next one, I think, is actually more important. This is to show you the total projected revenues to the Crown. This includes direct and indirect revenues, and you can see how substantial those are. I do want to note that there's one correction. I should note this, Mr. Chair. That is on the first page. You'll see "Sale of existing remote land sales." That's down at \$550,000. That's

actually \$3.15 million. The total projected land sales should be \$6.375 million, so that's off.

What's missing here is, I think, the most important chart. That is: what's the net investment to B.C. when you take a look at bringing both existing resorts and new resorts? We're coming to grips with that now. We think the minimal figure is in the range of about \$1.5 billion to \$2 billion. That's currently on the book.

When we take a look at the resorts and projects that are currently in front of the EA, and also resort development — where there may not primarily be public lands, but public lands may be an adjunct to that — it's probably in the range of something between \$4 billion and \$5.5 billion.

Changing business model again. I've talked about this — real focus on our customers, becoming much more focused in our business. We have done a number of things inside the corporation. We've put together specific teams, which are regionally based teams, to take a look at both process opportunities and growth opportunities. We've had those reports come back.

We made a shift inside the corporation so that, in fact, our clients could deal with us. It used to be inside LWBC that if you wanted to deal with a sale or a tenure, in some instances you had to go to two different floors in the same building. We've amalgamated all of that now, and Jim Yardley is responsible for that, so we've got more effective client service.

The other thing we need to do is take a look at taking resources from the legacy side of the corporation — we're basically working with a flat budget of \$31.5 million — and starting to put the resources into where we think the future is, which is taking a look at how we can develop and work with other partners on the investment side. That's why we made a shift and created a vice-president who is responsible for strategic investments, Mike Carter, and we're commencing that work now.

Just on the long-term, as I noted, public lands are incredibly important to the economy of British Columbia — more so than any other jurisdiction. We've got some challenges coming to grips with first nations rights. We have been quite successful with some of the challenges. We think we've got a couple of tests that we need to deal with.

One is the obligation that we have to deal with the adequacy of our consultation. LWBC works quite closely with the treaty negotiations office and the Attorney General's office continually to make sure that, in fact, that is a proactive obligation on the part of government. The other one, where necessary and potentially where there may be an infringement, is to work with first nations and try to find reasonable accommodations. We put in place a framework, working with the treaty negotiations office and the Attorney General, and that is now at the stage where basically we're moving, if you will, from implementation to starting to engage with first nations and working through the accommodation framework to see if in fact we can address their needs, but in a manner which balances off all needs.

[1055]

We're continuing to be very actively involved in the Olympics. I want to note that I made reference to the fact that the corporation had a very good business year last year. There was something just slightly in excess of \$6 million that went into retained earnings. We use that as capital for work-in-progress projects where we need to make an investment. When we do the risk assessment associated with working with a particular project, we have to know that we can recover that and that in fact the revenue put into a project will come out in the form of sale or tenure activity.

One of the items, though, that we did deal with last year.... This was after discussions with Minister Abbott. We realized through the business year that because of our responsibilities with water, we were going to be moving into a particularly difficult year as far as the issues associated with drought. We spoke to the minister about this and took it back to the board, and \$3 million, in addition to the operational budget, was allocated for dealing with drought.

We have worked very closely with the Union of B.C. Municipalities. We had a major water summit, which took place in Penticton in early July, and put in place a program whereby \$2 million is being made available to local government, basically on a per-capita basis, to make sure that in fact they have the planning in place to deal with drought, both long term....

Now, it may seem a bit obscure to talk about this after having record rainfalls in August, but I will point out that groundwater levels in B.C. continue to be at historic lows. The water levels at the Cowichan right now are at historic lows. Despite the fact that we had a deluge here, the water currently coming out of the lake into the river is still at a historic low. If you take a look at snow retention and water retention patterns in B.C., they've shifted quite considerably.

We see — and this is the public-area interest — the necessity of LWBC working both with WLAP and with other organizations to make sure that we've provided the minister and government with policy opportunities and advice, if you will, about what we think are the long-term issues associated with that. LWBC has played a critical role there.

Mr. Chair, rather than review the balance of the comments.... I think I am probably running out of time. I apologize. I thought I could do this in about 15 to 20 minutes. Apparently I've failed, but it's an interesting story.

K. Stewart (Chair): We've had a lot of information here to go over, and there was a lot of information that was provided earlier. What we're going to do for the next period of time is have questions from the members.

J. MacPhail: Is this the committee where we get one question and then you move on?

K. Stewart (Chair): Yup. A question and supplementary. Then we can always ask for written clarification or written questions at the end too.

J. MacPhail: Okay.

When you say that you give the public as much information as you possibly can, do you have a process that doesn't require FOI? What is that process?

B. Valentine: My understanding is that as a Crown agency, we're subject to all the rules associated with access to freedom of information. We actually have a freedom-of-information officer lodged inside the corporation who oversees all our requests.

J. MacPhail: Sorry. I didn't make my question clear. You began, Bill, by saying: "We're open and accountable, and the public has access to all the decisions and the information." How do they get that information?

B. Valentine: One of the things we did to improve our transparency is take all our reasons for decisions and actually post them on the Web. If you were to go to the website and you deal with a tenure application, you would see that it's actually quite detailed.

Let me be quite candid and say to you that that has probably been one of the best things we've done. We track the number of responses the corporation had in the past issues, before we did that. There were a lot. What is actually happening with that process.... First, being clear about when we're going to make a decision and working within established time frames had a lot to do with that. Second, we were very clear that we were going to post a reason for decisions.

You can just take a look at the questions we had and the number of reviews, if you will — most of them informal. It just dropped right off. We think the reason for that is that we have tried to become more interactive.

I will say this. Very specific direction to staff from me personally.... The issue of transparency is understood. Everybody knows that any of the decisions we make are subject to public review. This may be a bit off. We do get, as any other agency would, clients and dissatisfied members of the public raising questions with the ombudsman's office. We get regular reports from the ombudsman's office. Again, we're very comfortable with their reviews, and generally, it sustains the decisions that my folks have to make.

[1100]

J. MacPhail: Thank you.

Supplementary. I know that page 9 of the 2003-04 report says that the post-sales customer satisfaction, as measured annually.... The baseline was established at 61 percent. Then I read later on that it was a B.C. Stats survey that established that baseline. Were the people who you talk about being turned down included in that survey?

B. Valentine: That's a very good question. I would tend to think probably not. I don't know that, but I can find that out for you. But we liked using Stats B.C. The reason we liked them is that we found them to be extremely thorough, and the methodology has generally

withstood any test. They're also very fair as far as price. So we wanted to go outside the organization.

My sense would be that they went through and took a look at client files and identified people. It may be that it includes people who received a no.

Jim, do you know the answer to that?

J. Yardley: I don't know the answer. I'm sorry.

J. MacPhail: But you can get it for me?

B. Valentine: Yes.

J. MacPhail: Thanks.

D. MacKay: Just on customer satisfaction, on page 20 you talk about the 2003 survey. You show the key account and individual smaller customer satisfaction rate of 84 percent. That was for 2003. Then we go into 2004-05 on page 26, and we're looking at a target of 70 percent satisfaction with key accounts. Are we projecting a decrease in the customer satisfaction? Why are we showing that discrepancy there?

B. Valentine: Mr. MacKay, I would agree with you. That is a very comprehensive survey. The 84 percentile represents the general response of the public to the attitude of our staff, when they walk into the office. So the 84 percent was: were you greeted? Were you received cordially? Were you respectfully...? That's the general response, and that was very encouraging. But behind that, there were specific areas that needed to be improved, where we know that we need to increase them by 10 percent. That's what the 70 percent makes reference to. So it's a subcomponent.

K. Stewart (Chair): Are you okay with that, Dennis?

D. MacKay: Yes.

T. Nebbeling: Bill, in one of your slides it showed that 94 percent of the land mass of British Columbia is public land. Can you either confirm or give me an explanation if this 94 percent includes all the public lands that are under the control of other ministries — the Ministry of Forests...?

B. Valentine: Yes, it does.

T. Nebbeling: Can you then tell me the exact percentage of the land that your Crown corporation works with that is available for the projects that you pursue?

B. Valentine: This will be interesting. Jim deals with tenuring, so I'll lead on this, Mr. Nebbeling. It is all 94 percent. We have some land areas where we have seven different tenures on it. You have a Ministry of Forests tenure; you have an oil and gas tenure on it; you have a mining tenure on it; you could have CR; you can have agricultural activity, grazing licence....

We're getting into multiple tenuring, so frequently — and I love sharing this dilemma — we're trying to balance off a number of interests. We will deal, for example, with projects where we need access to the provincial forest. One of the really important public policy issues that we need to sort out for government — and this is a key public policy issue when you consider the vital importance that public land plays in the economy of British Columbia — is highest and best use.

The other challenge associated with that is that the use may change over time, and you may need to think about how you're going to allow the use to change over time because a better use will become available for public lands. So we're engaged in that. But there are areas where we recognize that the primary activity is going to continue to be exclusively forest. But we are engaged quite often with the Ministry of Forests. We engage with the Ministry of Energy and Mines, with the Oil and Gas Commission. We have a very important working relationship with the Ministry of Water, Land and Air Protection, continually dealing with the fact that they have clients and we have clients that are interested in the same land base.

T. Nebbeling: Supplementary. That was actually the reason for that scenario that different interests on public land would create confrontation, frustrate the system. Again, in your presentation there was a line related to the intergovernmental relationships that have to be developed more. What's happening in that regard to deal indeed with the problem that you just identified?

B. Valentine: I'll talk a bit about mine. Again, I want to make sure that you get some other perspectives here. So, Jim and Morlene, jump in on this one.

One of the advantages I have is that I have a board that's composed of deputy ministers, and all of the deputies are there by virtue of the other agencies. That's a wonderful vehicle to get a broader discussion about public lands and what's going to happen.

[1105]

The other thing that we have is a deputy ministers' committee, which reports to the cabinet committee of economic recovery and development. That deputy ministers' committee works, if you will, as a corporate group coming to grips with many of the corporate issues associated with land use. In fact — and I've been a deputy for six years — it's a very effective group for bringing key corporate issues forward, and we try to deal with those that way.

Another thing we've done is meet as an executive with other agencies. For example, Land and Water B.C. has met with the executive of Water, Land and Air Protection. We just recently met with the executive of the Ministry of Energy and Mines, and we've also met and have an ongoing working relationship with the executive from the Ministry of Forests. The reason for that, of course, is that if we don't continually communicate and try to identify proactively where our challenges are, it puts our clients in a terrible position if the agencies are

not working together. We have had problems in the past that we're trying to avoid by basically becoming more proactive to bring our policy initiatives together. I would assess the working climate with the deputies there and the effectiveness of those committees as being very good.

Jim is the vice-president. He works at the level of an assistant deputy minister. Jim, any comment on this?

J. Yardley: There are three specific things we do that help us out. Number one is rely on the planning initiatives that MSRM leads. That helps develop consensus around land use and helps us deal with conflicts in advance. Number two, we develop ongoing memorandums of understanding with other key agencies that help focus on specific conflicts. For example, we're developing an MOU with the Ministry of Forests right now to deal with the conflict between development projects on Vancouver Island and their program to develop woodlots. That's where we rub up against one another quite regularly. I guess the third device that we use is the referral process as a way to solve interagency disputes. Those are the three things we use.

T. Nebbeling: So you're moving forward.

J. Yardley: Yup.

J. Wilson: It's amazing what you can do when you put your mind to it and move forward. I want to make a little comment. In my area in the Cariboo we deal with land use. A considerable amount of our time is spent doing that. Because of your proactive approach and attitude within your corporation, it's become a real pleasure to go in and work with you.

There are a couple of areas that I see from looking from the bottom up that you're probably aware of, but I think they need some attention. We have a forest district, and a lot of this land is in the provincial forest. If you go in and apply, say, for an agricultural piece of land, you will be told that you may as well forget it, because the Ministry of Forests and the provincial forest have final say and there are no parcels released in that district. That has sort of become the way it is. Those decisions are made by the district manager in the Ministry of Forests.

It's not a very good way to do business, considering the fact that the pine beetle has literally destroyed our forest, and there won't be a forest out there in many areas for another 70 or 80 years. So people need the ability to do other things on that land, and it should be used for the best use, which is a sustainable-type use.

That's one of the problems that people are encountering, and it becomes frustrating for them, because they have to invest some money, and they go put in an application and find out that your corporation doesn't have the ability to act, even though you may agree with what they're doing.

[1110]

The other area where I've encountered a problem lately is under mining tenure. In the Cariboo most of our

ground is covered by mining tenures. If you own a piece of land, anyone can put a mining lease over it. You can't stop it, and they can mine, should they find something there. They may have to compensate you for damage to the surface, but you have no rights on it underground, and they can go in and do all the mining they wish.

Should you apply for a portion of land that is under an existing mining lease, you can't buy it because that mining lease takes precedence. The only way you can purchase it, to make it a piece of the land, would be to get the mining company to release that portion from their lease, which they aren't going to do. It's a real catch-22. Yes, you can lease it, but people would prefer to buy it.

Now, the same rules should apply to agriculture, maybe in the reverse of what mining is. I think we need to research this and find a way around it so that, yes, should the lease expire on that, it would then become the same as any other piece of the land. Mining leases expire every few years, and if someone doesn't pick them up, then they're sitting free. It shouldn't stop the sale of the land. Yes, if there's a mining lease over and under a particular permit, the person that holds the land for agricultural purposes would not be eligible for any compensation should that company want to go ahead and do more work. Should their lease expire, then it should revert to the system that now exists under fee simple. It's just something I think we need to make you aware of, which might improve customer satisfaction out there if we can deal with it.

Basically, I'm happy with what you're doing, and I think it's very good.

K. Stewart (Chair): Bill, do you have a response to the specific issue of priority of one over the other, with utilization of forestry over...?

B. Valentine: I'll just make a general comment, and then I'll ask Jim to add to it.

That is a tension, John, that we are constantly managing. I'm working closely with Doug Konkin. Doug is the deputy minister for the Ministry of Forests. We've discussed this issue. We are actually doing some separate and independent work on trying to develop a methodology for highest and best use, so that we have some kind of a framework to make decisions about Crown land. We want to move that along. This is a long-term issue, but the tension is only going to grow because the value of the public resource of government is considerable.

We're finding more and more of these kinds of challenges. It's fair to observe, certainly, that with the important role that forests have played in the provincial economy, they've got a placeholder, if you will. I understand that. What we've got to do — government, the agency on behalf of government — is make sure that we've got a mechanism in place that allows for transition in the economy. We're now having to give that a lot more thought.

Highest and best use is very good for that — it's a market mechanism — but sometimes highest and best use also includes some social elements.

J. Yardley: A couple of comments. I agree that in your part of the world there is a problem with respect to agricultural land, but it's not the same problem across the province. We have been able to negotiate with the Ministry of Forests in Vanderhoof and Prince George, in particular, to develop a planned approach whereby we have some pretty significant areas that are available for agricultural leasing. We've gone through a planning exercise to identify those areas, and we've reached agreement that those areas would be suitable for that use. We need to do the same thing in the Cariboo; that's for sure.

Second comment — about the mineral issue, the mining tenure issue. The only way we're going to solve that is through a legislative change. It's not something that LWBC could do on its own. Those are two comments to your issues.

One other thing: it is not all gloom and doom between us and the Ministry of Forests vis-à-vis agricultural issues. We've had some negotiations with them recently whereby we've agreed on a different way of valuing timber on agricultural leases, which has allowed a number of lessees to proceed to purchasing their lease where they were obstructed from doing so before because of the pricing regime. We've had some real good cooperation with MOF on that issue, so a number of lessees who just weren't able to exercise their purchase option because of the pricing issue are now able to do so.

J. Wilson: I guess I'm allowed a supplemental?

K. Stewart (Chair): Go ahead.

J. Wilson: Through your referral process, when an application goes out.... Let's say it comes back and is turned down. Is there an appeal avenue anywhere, where people can take that refusal somewhere higher up to get it dealt with?

[1115]

J. Yardley: The normal internal process for us is that the local manager would make the decision. If a client is unhappy with that decision, they would typically start with me and work through our CEO and ultimately go to the minister. If they want to go outside that process, they will go to the ombudsman. So there are ways, if you're dissatisfied with the decision, to have that reviewed. There's not a formal appeal process. There is on our water tenure but not on our land tenure decisions. It's just a different piece of legislation.

K. Stewart (Chair): Before we move on to Karn, I'd just like to bring everyone's attention back to the membership feedback form that you have there — if you want to be working on those as we go through this so that we get some feedback near the end.

K. Manhas: A good presentation. I want to echo John's comments. I've been very impressed, Bill — your organization, yourself and your staff — with the exper-

tise and professionalism and attitude in your organization, both working on the sale of Burke Mountain lands as well as looking at economic opportunities north of Coquitlam.

I know that it's a key effort to proactively develop new business opportunities within your organization. I was wondering — you talked a lot about this — if you can just outline what specific actions are being taken on the ground, actually outline what those new opportunities will be. Then from there, what is your organization doing to take those further?

B. Valentine: Let me try. We may need to engage to satisfy that. That's a very good question.

We actually did, as we fell back with our executive and key people and took a look at what we saw was a land-based activity that was going out there.... We prioritized what we thought were key sectors where we should really put our resources. One of the things that's happening internally is the movement, if you will, of staff to those key opportunities and not just focusing on doing things the way we have in the past. What we've got to do is become more efficient, more effective, with more effective working relationships with clients, but reallocate and grow the resources for the investment side of the corporation. That led us to conclude that we had to make a structural change internally.

Karn, as I've noted, what we did is amalgamated, if you will, the traditional sales, the tenuring both for land and for water, and Jim now has responsibility for that. We then went to an external competition to try to find an individual who in fact could expand the capacity of the corporation to take a look at land from an investment perspective. That resulted in the successful hiring of Mike Carter, who comes from trade and investment, Energy and Mines, and brings a really good background there.

Now what we've done is actually reassigned specific senior managers to key sectors. For example, we have a person like Neill Banera, who is responsible for overseeing independent power. For all-seasons resorts development we took the former manager out of Kamloops, who has a very effective and long-term working relationship with the ski industry, Bill Irwin. Bill is now responsible for a core group of people that are in fact going to oversee the execution of a sector strategy as far as all-seasons resorts.

Further to a question that was asked earlier here, that's not just working with the resort industry. That's making sure that in fact all of government is aligned through that office and that there is a cooperative and collaborative approach in dealing with it.

We've got a number of areas that we're looking at. Let me talk a bit about a new one, for example. We're at the very beginning of this. "Opportunity assessment" was what we called that process. We took a look at aggregates. One of the really interesting things happening is that there's an acute shortage of aggregates that is growing along the Pacific Rim, particularly in California. It's not always just a supply area. They do have

some supplies, but they're frankly locked up in areas where local governments don't want them to be accessed.

Aggregates are also an important commodity, not just from a construction perspective. Seventy percent of the aggregates industry in British Columbia is dedicated to maintaining public infrastructure, so there is a strategic component to this too. We've done a review, and one of the things we have concluded is that there seems to be a very significant growing export market for aggregates.

[1120]

We have a new investor that's going to build a fairly considerable facility on the west coast of Vancouver Island. The value there is that the capacity to profit from aggregates is in direct proportion to your transportation cost. You can have really good aggregates but poor location, and you can't sell the stuff because the cost is just too significant. They're actually going to crush hard rock, because it's in close proximity to barging, and ship this south. There is huge value for the partnership that they've formed with the first nations, huge value to the Crown — because we extract a royalty from that — and huge initial value from the capital infusion, the construction associated with the facility, because it's quite significant.

We're now doing an assessment about whether or not there are additional opportunities and whether we need to take resources and focus those on this new area. What we do then is build a business case, run it through some risk analyses, bring it forward to our board and discuss it with the minister. We're at the early stage of that. This is like work we did almost three years ago when we started taking a very serious look at what the opportunities were with commercial alpine ski.

Another really good area of opportunity that we've identified is the shellfish industry. The shellfish industry in Puget Sound is worth about \$100 million to \$125 million a year. They have significant problems down there now with water quality in Puget Sound. The growing potential for B.C. is very, very high. There is significant coastal community — and let me be specific: first nations — interest in this, because it's an activity that can be, if you will, grown up in and around communities. It has a very, very good market potential — high-quality seafood and issues associated with transportation and security of supply being very important ones. So we need to work very closely with the Ministry of Agriculture, Food and Fisheries, because they control the policy levers and provide the assistance as far as industry development.

So in some areas we have a lot of room to manoeuvre, because we do most of the tenuring — all-seasons resort. In other areas, Karn, we have to work in partnership. Those partners could be other agencies that have a lead, such as Agriculture, Food and Fisheries, and/or first nations and local governments.

On the local government side, because of the priority that local government has on zoning, we've actually had to fall back and start thinking about how we're

going to engage in a more corporate and broader way with local government. For example, with all-seasons resort development what we've done is just signed off, through Minister Abbott, an MOU with local government. That's to basically reset the table and talk about what the long-term relationships are that are necessary to achieve the benefits.

Those are the kinds of internal processes. It's actually an allocation of a division. It's specific staff that are assigned to get things done. Their areas of responsibilities are key projects, so the level of materiality that we're using is about \$2.5 million. Above that, they would get these projects unless there's a reason not to do it. The reason for that is the level of sophistication necessary to complete the project and the level of sophistication that's expected, basically, from the client.

Key sectors. We need to engage with sectors, because we do not have the capacity to engage with an industry on an ad-hoc basis. We try to work with sectors, because we think that provides the best opportunity for us to effectively and efficiently use our resources.

The other one is our key clients. When a client comes to B.C. and speaks very specifically about a project and we do our initial assessment — which is: is the management team there, do they have a history of developing this project, and is it a real project — then we will assign staff very specifically. I made reference earlier to a resort project where somebody came into our offices the other day and started talking, and so we'll engage with that.

Those are the kinds of approaches. I don't know if that is the answer you're looking for.

K. Manhas: Just as a supplemental. That was good; that was part of it.

I was wondering, in terms of the identified areas you were talking about: in general, do you have funds to go out and invest in the front-end work? Or do you, in general, in those identified areas, allow or accept proposals or wait for proposals to come in? If you do wait for proposals to come in, is LWBC engaged in a strategy of marketing opportunities in those areas that are identified as economic opportunities?

I'm just trying to get a handle....

B. Valentine: There are a number of issues there. The corporation really reflects 100 years of the Land Act. I should say "did." I'd like to believe that we've changed, and I think we have.

It was largely application-driven and passive in its approach. What we need to do is become more active, more proactive, and take a look at opportunities. This is the importance, Karn, of talking about information technology, information management, and knowing what is happening out there.

[1125]

What we're doing now is more proactive work. We're still driven largely by applications. What we have is a capacity by virtue of our retained earnings.... I think we've got over 1,200 projects...

Morlene, is that right?

M. Tomlinson: Yeah.

B. Valentine: ...where we have actually made an investment in either dollars or human resources. We actually enter a project sheet. We do a budget. It has certain levels of accountability. If it goes above a certain level, Jim gets it. If it goes above a level above that — I think it's \$2 million — I see it. Above a certain level it goes to the board of directors. We do a risk assessment associated with that. Then we will make investments in that, and the investments have to be based on the fact that we expect to get a return, whether it's a land sale or a tenure-based activity.

What we said to Treasury Board is that if you just tell us that our success is based on revenue when the real opportunity here is creating investment, we've got to change our models. We're engaged in that discussion right now with Treasury Board, because we have to be held accountable for both and we want to be held accountable for both. We actually do both, and we need to move more towards the second.

The one thing I think we need to be mindful of is that we've got to engage with key sectors, because frankly, the business community — the investment community — often sees opportunity that we don't. They're obviously taking a look at British Columbia, and they're looking at opportunities. It is wholly reasonable that we can't forecast, so we've also got to be open to the fact that we need to engage with them.

H. Long: Bill, I want to just touch on land sales. Historically, of course, governments leased land and so on. My experience in life is that investment follows ownership. I guess my question is: when we speak about land sales, are we talking about the sales, not necessarily of huge tenure areas for back-country recreational — that would be ridiculous, because it would take in such a large amount — but about the land leases, SUPs, the leases on different sections of land?

I know there has been over the last.... I know when the Socreds were in back in '86, they put a lot of leases up for sale, and that sort of stopped. Is the process now to sell these leases for the people who are encouraged to invest in them? Maybe you can give me an idea of just what is for sale and what's not for sale.

B. Valentine: Okay. Harold, I'll ask Jim to answer the questions associated with tenuring. He'll give you a very accurate answer.

Just some general comments. Most of the land sales, particularly the value, are in the lower mainland, and these are lands that are already largely in fee simple ownership. Some of them have fallen back — east coast Vancouver Island, taxes not paid and so forth. First of all, it's very skewed. If you take a look at land sales, most of it comes out of our Surrey operations.

The second thing is that at our current rate of disposition of land sales, if we just keep on going like we did last year.... If we look at the figure of 94 percent,

that moved from 100 percent to 94 percent in a matter of about ten to 12 years at the first part of this century. A lot of it was associated with E&N, and so forth, and railroad development and lands up in the Peace. At our current rate of disposition, it'll take us a hundred years to reduce that by 1 percent. You have to get a sense of how significant it is. It's actually, relative to the land base, a very small component — I forget what component it is — of the 1 percent.

Jim, do you want to talk a little bit about the tenure land sales program?

J. Yardley: The general principle is that we would sell land that's leased unless there's a good public policy reason not to sell it. An example of that would be aggregates. If we've got a big aggregate project that's under a lease, we would generally keep title to that property as opposed to selling off that resource. In fact, I think the statute probably precludes us from selling gravel resources. That would be one example.

In most instances, if the property has been surveyed and is subject to a lease, we would be willing to sell it. The obstacle, often, to selling is price. Prices continue to go up, and our lessees are not willing sometimes to pay the fair market value that we're asking. That's really the model that we operate under. We sell land for its fair market value. We don't sell it below fair market value because that would be unfair competition to the private sector.

[1130]

H. Long: And this is based on most leases available to people that have leases? Most of this land can be acquired for a business opportunity in, let's just say, a remote area.

J. Yardley: That's the trickiest area. That's why I say that the exception is when there's a good public policy reason not to sell it. There may be, in some remote situations, those kinds of reasons existing, whether it's an access reason or a wildfire safety kind of reason, whether it would create unnecessary conflicts if we were to sell it — those sorts of things. As I say, the general principle is: let's proceed to sell it if we can.

H. Long: That is the last thing, then. Would that come under you directly, Jim?

J. Yardley: Yes.

D. Jarvis: Basically, I guess, I have a supplemental to our friend from Powell River. I want to know: is there any part of Crown land in B.C. that's not up for sale? You know, that's a very broad statement, but taking into consideration the parks and, as you say, aggregate lands and all the rest of it.... In your service book it says there's only 5.8 percent that is privately owned. Do you have a limit on that?

B. Valentine: There is a statutory limit on.... I forget what it is. Jim, if you know....

J. Yardley: Parcel size.

B. Valentine: Parcel size. It actually has a limit in the act.

Mr. Jarvis, your question is actually not a bad one. It is very difficult to find and sell land in some parts of British Columbia. We work often with local governments and investors trying to find land.

I'll give you a really good example. The availability of industrial land in the lower mainland is a very big issue. We don't have a big supply there. We've got a couple of parcels. Those are very high value — large contiguous pieces of industrial land. The warehousing industry in the lower mainland has largely, for a period of time, moved out of the lower mainland and into Calgary. We're seeing a shift back because of infrastructure development — the port and so forth.

First of all, there are areas where the Crown has limited land available. That's one. The second issue is that in some areas the level of conflict — whether it be with forest-related activities, issues associated with conservation and protection and so forth — can significantly impact the availability of Crown land.

One area, for example, that is a real challenge for us — because, again, there are limited supplies available; it's the highest level of public ownership — is the east coast of Vancouver Island. We have a difficult time at times with clients who are trying to access public lands — first, because it's in limited supply; and second, if it is available, there are a number of other interests in it.

The other issue, too, in and around what I'll call settlement communities — which are the vast majority of communities in B.C. that at one time or another depended upon the forest land base — is that many of the lands that are under public ownership have also taken on a kind of quasi-public use role. People and local governments frequently will look at those lands as being areas set aside for either recreation or enjoyment, when in fact the ownership continues to reside with the Crown. We need to engage with those communities to talk about how we're going to use those lands, because certainly people who live within those communities have strong expectations. We've been through this about how we're going to use that limited availability.

In other areas of the province, in fact, there are significant opportunities. Right now one of the largest land programs we have is in the Fort Nelson area. We're working closely with local government there. We need to work quite aggressively with that community. With the expansion of the oil and gas industry and the fact that it looks like a long-term expansion and there's a lot of infrastructure development settling in there, we've got to work with government to make sure that the land is available.

If I can, I'll make a couple of other comments. You'll know that in the equalization formula for B.C., when the government went and spoke with the federal government about that, one of the things that skews the equalization formula for B.C. is that in fact the value of our homes is considerably high. If you take a look at what people put into homes in British Columbia, one of the

reasons that home costs are so substantial is that in fact there is limited availability of land, which affects the market. That has been a real factor with us in working with some communities in making sure that we can respond to a public need, and that is for community settlements. We need to engage on that issue, but relatively speaking, because there's such a high level of public ownership, it has in fact affected market values for lands.

[1135]

D. Jarvis: A quick supplemental, if you wouldn't mind.

Is there any public policy or are there any restrictions as to who you can sell to? I'm taking into consideration your remark about the aggregate lands. What is to stop California from coming in and buying up all the rest of the availability of aggregate land that's for sale or could be for sale?

B. Valentine: I know of no restrictions generally in those kinds of things. We're dealing with a corporate interest. Again, I'll fall back. Jim may know the Land Act better than I do.

We have considerable external interest in B.C. I'll tell you where it's really most interesting. If you take a look at the Kootenays, the southern Okanagan, you're seeing, beginning with what's happening in Victoria, the external interest basically from Calgary, Edmonton, Alberta, Washington State and, to a lesser extent, Idaho. This is now a preferred location to live.

I was speaking to a member of the real estate industry. He told me about a year ago that 12 percent of sales in Victoria were basically, if you will, non-resident sales. I may have got the.... But that's basically.... This year it's 32 percent.

We've seen a significant shift take place in the composition of ownership in Vancouver. You're looking at a province, again, where you need to realize that the value of the lands is considerably high. But it's not only that. You're not dealing with a resident market. You're dealing with an international — at least a continental — market now, because this is seen to be a very attractive place to live.

K. Stewart (Chair): Bill, just to clarify, I think the issue there is with regard to.... With private lands I don't believe there's a foreign ownership issue there. With the provincial lands the question would be: do we have any requirements of Canadian or British Columbia residency to sell lands that are owned by the province?

J. Yardley: Yes, we do. Unless the Land Act has changed, we have a citizenship requirement that you have to be a Canadian citizen or a landed immigrant, or it has to be a corporation that's registered in Canada.

K. Stewart (Chair): Is that what you were looking at, Dan?

D. Jarvis: Yeah, that's what I was looking for. That's one of the restrictions.

H. Bloy (Deputy Chair): Thanks for the report. Just a question on your operating expenses and your staff. You mentioned in your report that when you were doing your governance model, you brought in a temporary vice-president. When you're working on all the projects and the land sales, are you bringing people in under contract to work on that specific issue? Or is your staffing growing?

B. Valentine: It's a mix. The actual number of staff in the corporation is reduced, but we've shifted new resources into strategic initiatives. It's reduced, but it's also been reallocated. We actually do use a lot of contract support, and that's where a lot of the costs come from for work in progress charged against. The reason for that is we don't need that ongoing capacity for a lot of what we've got to do with a project. We go to the marketplace and basically buy it — use a competitive system of B.C. Bid and others to identify those people.

H. Bloy (Deputy Chair): You did make one very good point that what the private enterprise will bring to you is something that may not even be on your table, and a lot of them already bring a fair amount of expertise. It's just that it's now up to you to review that to see if it's worthwhile but not to have somebody full-time.

B. Valentine: I should also note this too. We actually have a pretty considerable involvement in government with other agencies, and we try to make sure we keep our ear to the ground within communities. That's why the regional structure is so important at LWBC. We see that at times there may be opportunities that we're entirely unaware of. So there's a way of channelling that back to the executive.

H. Bloy (Deputy Chair): So overall your total number of employees is down?

B. Valentine: Yeah, they're down.
Morlene, do you have a number on that?

M. Tomlinson: The establishment complement for LWBC is 307 FTEs. The business improvement division has been created at a cost of approximately half a million dollars. That's the estimate for this year. The staff in that division are temporarily assigned to that division, and the costs will be absorbed by the existing operational budget.

H. Bloy (Deputy Chair): That's all under the 307 FTEs.

B. Valentine: That's correct.

K. Stewart (Chair): My question is going to.... I didn't see anything in the package — I'll just look over at Jonathan — with regard to boards and the minutes. Did you receive anything?

J. Fershau: There was an e-mail sent out that had all the board minutes, about 500 pages total.

K. Stewart (Chair): Okay. That's probably why I didn't print it off. If you can maybe take a minute and talk about your governance issue and how often you meet — because I didn't print off the 500-page document, I must admit — who the board of directors are, etc. Just a little overview of that process.

[1140]

B. Valentine: As I noted, I'm accountable to the Minister of Sustainable Resource Management. I have a dual role, speaking of myself here, as chief executive officer-president, but I'm also appointed as a deputy minister. Then, to ensure that there is a linkage back through Sustainable Resource Management and the Land Act, I also have an additional assignment as Associate Deputy Minister of Sustainable Resource Management. That's to bring together the planning capacity, the policy capacity and, frankly, the issues associated with sustainability and to make sure there is better integration with that agency. So I work very closely with the deputy, Chris Trumpy.

Chris also has just been assigned, as you know, from Provincial Revenue as a deputy there to the deputy responsible for Sustainable Resource Management. We have a board meeting, Ken, on September 29, and he'll be formally assigned as the chairperson at that time with Jon O'Riordan's retirement.

Our single shareholder is the Minister of Sustainable Resource Management, Mr. Abbott. The acts that drive us are the acts for his agency, but more specifically, two pieces of legislation would be the Water Act and the Land Act.

That's the framework. The board itself meets on an almost regular basis — there was maybe one missed meeting, which was scheduled this summer — I would say probably on about a four-to-five-week schedule. The deputy ministers there include the deputies responsible for Finance; Forests; Agriculture, Food and Fisheries; and Treaty Negotiations. I participate in it — and Chris from Sustainable Resource Management. The vice-president for BCBC, as a deputy, participated in our board but actually brings good advice, if you will, from a corporate side as far as governance. Sharon Halkett has been retained as a member of the board.

Jim or Morlene, have I forgotten anybody? I know I have.

Interjection.

B. Valentine: No. Gord Macatee used to be on the board, but in fact he's not, at this stage.

K. Stewart (Chair): I'll get to that. I didn't get all the reading complete. Hopefully, we can follow up on that.

I have one other question before we go for our second round. We've got approximately 15 minutes of questions left. On accountability, you talked about.... You're now sitting at 97 percent of land and water tenures being done within 140 days. Was the goal out to do 90 percent within 140 days?

B. Valentine: Yes, it was.

K. Stewart (Chair): Why would you do that? I mean, if you're punching 97 percent, why would you look down to downgrading to 90 percent?

B. Valentine: Actually, the goal was originally 90 percent. What happened there was that we got performance in excess of the target.

K. Stewart (Chair): If that's achievable, why would you not keep that level of standard up?

B. Valentine: I think that's a really good question. Actually, what we're doing is.... We're going to maintain that, but what we really want to do is drill down more to the individual sectors. That represents, Ken, a kind of an average. There are some instances, in fact, where we can deal with tenures. You'll see that the average is actually 91, for example — right? Ninety-one days, not 140 days.

I glossed over this. It used to take about 300 days for a land tenure. It took, on average, somewhere between four years and five years for a water tenure. We want to maintain that bench. That's really what that's about. We want to provide some relief to it, though. I'll be candid with you. In fact, with the challenges that we're getting, it's more difficult now to maintain that benchmark than it was a year or two ago, particularly on issues associated with our obligations with first nations.

The response is twofold. I think it's a good bench. The other one is that we actually need to become more specific with some of our sectors and make different commitments.

K. Stewart (Chair): The reason I bring it up.... We've seen in other organizations where they had a target and they exceeded that, and then they decided to hold their old target. The fact is that we're always striving for excellence and looking for accountability, and why would we step back?

As we go to our second round of questions, maybe we could look at some more of the accountability issues and measurement and tools — okay?

We'll continue on in round 2.

J. MacPhail: I note, though, that you've actually changed the way that you track — right? You have a stop-clock system now, where external processes that may have affected application processes stop the clock.

[1145]

B. Valentine: Yes. Good question. We want to be responsible for the things we control — our decision processes. But if you're in any adjudication, either.... I'll give you the two that we can't control. One is the Fisheries and Oceans CEAA requirements, and that has been very difficult for the shellfish industry. The other one that we don't control is if we move into a challenge from a first nations judicial review.

J. MacPhail: Anyway, I just wanted to point that out. The 140 days is a new method of tracking. We're comparing apples to oranges in terms of past practice.

I want to talk about Burke Mountain, if I may, just as an example. What did Burke Mountain sell for — 82 hectares?

B. Valentine: I'm pretty accurate. I think it's \$36.3 million.

J. MacPhail: And that was market price?

B. Valentine: Yes, ma'am.

J. MacPhail: What was the consultation process that went on there? What part of Burke Mountain is it? Can you describe it for me? I mean, Burke Mountain is sort of controversial, so I just....

B. Valentine: Yeah. No, I should really give you a map. I can tell you that it's that northeast corner. Karn may be better able to give you a description of this than I am. I'm not going to pretend to know. I've looked at the map innumerable times. Very considerable, long-term work with local government. In fact, Joy, what happened here was that the mayor came to me very early on and said: "This project has been out there for a long time. We need to see some progress on this."

So we worked closely with the mayor and went back to people and basically looked at the project and realized that, in fact, we really did need to engage. So what I did was assign a specific team, led by Randy Wenger, to work with local government to put that project together. He also oversaw all the consultation associated with first nations. I think there were maybe three or four — up to five — first nations that may have had an interest in the land.

J. MacPhail: What about the public?

B. Valentine: I'm not sure. Again, it's just ignorance, and I'll definitely go back and take a look at that for you. I think what we did.... Again, I may be taking some liberties here with this, Chair. We worked with the local government, and the consultation that was done there was largely coordinated through local government, not with LWBC. We felt we had to work with their planning processes.

J. MacPhail: Good. I'm glad about that.

Will you get me that information, just on that as a case study — Burke Mountain?

B. Valentine: Okay.

J. MacPhail: Thanks.

The last question I have was on the Olympics, making sure Crown land is available. What Crown land is needed for the Olympics?

B. Valentine: All of the Callaghan valley is Crown land.

J. MacPhail: Where is that?

B. Valentine: Just before you get to Function Junction. You're headed up the highway. I would say about three or four kilometres before Function Junction, you'll enter into a spur that goes off to the Callaghan — a lot of forest activity. There have been mines and a number of other things that have been involved in there. That's where the Nordic centre is going to be built.

J. MacPhail: It's Crown land.

B. Valentine: Crown land, yes.

J. MacPhail: Are you selling the Crown land or just making sure it's available?

B. Valentine: Our primary obligation at this stage is to work very closely with VANOC and other groups to make sure.... The land has been identified; it's been surveyed. We know where the sites are going to go, so we're doing work with them. We're doing work with the resort municipality of Whistler. Then we're also involved in the discussions with the affected first nations — the Lil'wat first nations and Squamish first nations — with the consultation and accommodation that's required out of that.

K. Stewart (Chair): Bill, just by way of a request, whenever a member requests something of you, if you could go through the Clerk's office. Then Jonathan will distribute it to everyone. That way, we all get the same information. There's process there that works for all of us.

J. MacPhail: Sorry, I didn't mean to indicate anything....

K. Stewart (Chair): No, no. I appreciate that. It's just a clarification.

Dennis, do you have another question?

D. MacKay: I've got a couple of questions having to do with native issues. Looking into the future, we talked today about 94 percent of the province being publicly owned. What do we anticipate that public ownership to be at when the treaties are signed off? Do you have any idea what we're looking at that will still be owned by the public?

B. Valentine: No, I really don't. Again, it's a good question, and I should know a little bit, because my background prior was as a treaty negotiator. But that really is dependent largely on the willingness of first nations to enter into agreements that are acceptable to the province. Any answer I gave you at this stage, Dennis, would probably be purely speculative.

D. MacKay: So there has been no long-term planning to look at the public ownership after treaties.

[1150]

B. Valentine: No. I'll tell you what we do. This may help you. We work with all the lands that are out there, and the only time that we're affected by first nations is when there's an infringement and we're required to deal with that infringement and/or there's been a land selection process that's been completed with treaties. Of course, there may be other issues with other agencies — Forests and local government and so forth. The best way to look at LWBC is as a bit of a prospector going out there and taking a look at that land base and then working backwards and seeing if, in fact, there's a way to create value.

Treaty negotiations at this stage, outside of those negotiations where there has been a mandate given by government, by cabinet.... I mean, we're mindful of those, and we're aware of them, but at this stage the negotiations and land selection process largely have not affected us. There are some areas where they're significant because there are limited areas of public lands. Vancouver Island would be one.

We're progressing in continuing to work fairly aggressively with our program.

D. MacKay: I have another question having to do with....

K. Stewart (Chair): Okay. I guess the only thing with regard to the land claim issue is.... Let's just not spend too much time on an issue that we really can't deal with at this table. But go ahead, Dennis, if you feel you might have a question that you think might be appropriate.

D. MacKay: You brought it up. You talked about a prospector.

The issue I want to get clear in my mind is: when we encounter a problem with native issues, do you take your direction from the treaty negotiations office as to what's going to happen to the land in question, or do you deal with it within the ministry that you're responsible for, Bill?

I talk about that mining prospector in Atlin who had a mining lease. The mining lease was in good standing. The natives built a cabin on it. Who took the direction to tell the prospector that it might be part of the treaty package that would be given to the natives? I have a problem with understanding. Who gives the direction on that — TNO or your office?

B. Valentine: What we do — and it's worked very, very well.... We frankly have had a number of challenges that the corporation has been very successful on. We're dealing with one now — without making a specific reference to it — where we basically will proceed with a trespass, seek an order and seek removal.

The reason that it's worked, Dennis, is that we've actually had very fine cooperation from the Attorney General's office and Treaty Negotiations. We've really focused hard on making sure there's cooperation. We do a risk assessment with each of the issues that come

before us, and at the end of the day, if the Attorney General's office thinks we're going to do something that's prejudicial and unacceptable to the Crown, we would have to take direction from them. They represent the broader interests of the Crown.

The same thing would apply if we're dealing with something that affects the Solicitor General. We've had occasion to work with the Solicitor General. We're currently working on a particular item.

What we have to do is fall back from LWBC with a risk assessment and make a determination with the guidance of other agencies, and frankly, the Attorney General and TNO are important players in this. We have not had a lot of difficulty developing corporate positions. The degree of concurrence that exists now between those agencies is very, very good.

I'm giving you a very general response and purposely avoiding anything that's specific.

J. Wilson: You mentioned that you are involved in gas and oil, Bill. Is this leasing of ground for exploration, or is it after there's been exploration and royalties have come in from the development? Where do you fit into this, and where does the ministry fit into it?

B. Valentine: I think Jim.... John, if you don't mind, I'll let him. This is his area.

J. Yardley: Primarily, after production facilities have been identified. Well sites. We would tender the actual land base for a well site once a discovery has been made and they want to put permanent industrial equipment onto the site. Then we would get involved. The broader notion of oil and gas exploration rights we don't deal with. That's dealt with through Energy and Mines.

K. Stewart (Chair): This will be the last of our verbal questions. Then we can go to the written ones.

D. Jarvis: Aren't we lucky.

I just wanted to ask: talking about the Callaghan valley, was there a monetary settlement given to the aboriginals there or an exchange of land? Conversely, going down lower, the Porteau Cove. I understand that is now no longer in the Crown lands.

[1155]

B. Valentine: I'll give you the best I can. You need a better answer. Those discussions are being led largely by the Minister of Transportation. What they're trying to do, of course, is make sure they secure everything for the Sea to Sky Highway.

Dan Doyle's team, led by a negotiator, is overseeing an actual accommodation package. The package will include — I can tell you this — some lands. I can also tell you that the first nations involved with these lands are actively involved — and we're very supportive of this — with key investors to see what they can do with those lands to bring them to market and to create some wealth. One could argue that some of those lands,

which may have been stranded otherwise, are probably going to benefit from the 2010 games.

We've largely been very supportive of the direction that Transportation and Highways has taken with this. I have a full-time person that's been assigned to the team.

I can't say anything about the specific lands, because I don't think the deal is done yet. It's taking a bit more time. I can tell you, though, that there's a very strong commitment on the part of the first nations and Transportation to make sure that it is done and that, in fact, there are no obstacles to the construction of the highway.

K. Stewart (Chair): At this stage we're finished with the formal verbal questions, but if anyone has a further question, they will send it. We always do it through Jonathan. That way, the proper procedure is followed with regard to the information going in or out.

Again, I'd like to thank you for your presentation today. It certainly covered a very broad area, and it was good to get the background on your organization.

At this point we'll be collecting information from the members, and within the next few weeks we'll have a final report. As I mentioned earlier, that report will come out in the House, because it's turned over to the Speaker for the formal release. At any time, again, if you have more information, contact us through the Clerk's office. Thank you for coming.

I believe that at this time we're going to have a short five-minute recess. Please don't go too far, because we have about ten or 15 minutes' worth of work after that. Before we move into the next session, we'll have to have the house cleared anyway.

The committee recessed from 11:57 a.m. to 12:04 p.m.

[K. Stewart in the chair.]

K. Stewart (Chair): We've just had a presentation from Land and Water British Columbia Inc., and I'd now be looking for a motion to go in camera to discuss the information we received today.

The committee continued in camera from 12:05 p.m. to 12:15 p.m.

[K. Stewart in the chair.]

K. Stewart (Chair): We are now back on air.

Just reflecting on our meeting today, there are a couple of issues. One left outstanding is the issue of our next meeting. What I would like to do, if I can have the support of the committee to do this, is look at what our schedules are and work with Jonathan. Once we have our fall schedules clearly before us, we can set out a plan.

Do we have anything scheduled, Jonathan, for our next meeting?

J. Fershau: No.

K. Stewart (Chair): Okay. I suspect that it won't be until we're back in session. Is that reasonable?

The one thing I would like to do, though, is.... We've had three agencies before us now. I'd like to get the draft out to all the members so that we can complete this one. The quicker you can get the information to Jonathan on this last organization, that would be great. I'd like to get those three out and to them early in the session and put to bed for that session.

H. Bloy (Deputy Chair): When do they have to be reported out by?

K. Stewart (Chair): Well, we have to report out while we're sitting.

T. Nebbeling: A good six weeks.

K. Stewart (Chair): The quicker, the better. I mean, we're finished these three now, so it would be my intent — hopefully, with the support of the committee — that we can conclude those three into a final draft. Just

have a meeting for a final draft and then get them before the House.

H. Bloy (Deputy Chair): That's what you're going to send us?

J. Fershau: I'll be sending you reviews of B.C. liquor distribution branch and forestry innovation investment. That'll be sent out this afternoon. Land and Water B.C. is going to take two weeks for their response, at maximum, to any questions that were posed. I think there were three or four today. I'll be starting to write it as soon as I get the responses.

K. Stewart (Chair): So there shouldn't be a problem having a final draft for all three the first week in October.

J. Fershau: I don't believe so.

K. Stewart (Chair): Great.

At this point in time I'd like to look for an adjournment.

The committee adjourned at 12:17 p.m.